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Finance Act, 2008

Section 35 - Small companies relief: associated companies

1) Section 13 of ICTA (small companies' relief) is amended as follows. (2) In the second sentence of subsection (4) (meaning of "control" for purposes of definition of "associated company"), insert at the end "except that, in the application of subsection (6) of that section in relation to the company ("the taxpayer company") and another company or companies for the purposes of this section, the references to an associate of a person ("P") include a partner of the person only if the condition in subsection (4A) below is met." (3) After that subsection insert- "(4A) The condition referred to in subsection (4) above is that relevant tax planning arrangements have at any time had effect in relation to the taxpayer company (whether in connection with its formation or otherwise). (4B) In subsection (4A) above "relevant tax planning arrangements" means arrangements which- (a) involve P and the partner, and (b) secure a relevant tax advantage. (4C) In subsection (4B) above- "arrangements" includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable), other than any guarantee, security or charge given to or taken by a bank, and "relevant tax advantage" means a reduction of the taxpayer company's liability to corporation tax by virtue of an increase in relief under this section." (4) The amendments made by this section are treated as having come into force on 1 April 2008.

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